



General Assembly

**Substitute Bill No. 211**

February Session, 2006

\* \_\_\_\_\_SB00211FIN\_\_\_\_041106\_\_\_\_\_\*

**AN ACT CONCERNING RENEWABLE ENERGY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (26) of subsection (a) of section 16-1 of the  
2 2006 supplement to the general statutes is repealed and the following  
3 is substituted in lieu thereof (*Effective October 1, 2006*):

4 (26) "Class I renewable energy source" means (A) energy derived  
5 from solar power, wind power, a fuel cell, methane gas from landfills,  
6 ocean thermal power, wave or tidal power, low emission advanced  
7 renewable energy conversion technologies, waste heat recovery  
8 systems installed on or after July 1, 2006, that produce electrical or  
9 thermal energy by capturing preexisting waste heat or pressure from  
10 industrial or commercial processes, a run-of-the-river hydropower  
11 facility provided such facility has a generating capacity of not more  
12 than five megawatts, does not cause an appreciable change in the river  
13 flow, and began operation after July 1, 2003, or a biomass facility,  
14 including, but not limited to, a biomass gasification plant that utilizes  
15 land clearing debris, tree stumps or other biomass that regenerates or  
16 the use of which will not result in a depletion of resources, provided  
17 such biomass is cultivated and harvested in a sustainable manner and  
18 the average emission rate for such facility is equal to or less than .075  
19 pounds of nitrogen oxides per million BTU of heat input for the  
20 previous calendar quarter, except that energy derived from a biomass

21 facility with a capacity of less than five hundred kilowatts that began  
22 construction before July 1, 2003, may be considered a Class I renewable  
23 energy source, provided such biomass is cultivated and harvested in a  
24 sustainable manner, or (B) any electrical generation, including  
25 distributed generation, generated from a Class I renewable energy  
26 source.

27 Sec. 2. Subsection (a) of section 16-50k of the 2006 supplement to the  
28 general statutes is repealed and the following is substituted in lieu  
29 thereof (*Effective October 1, 2006*):

30 (a) Except as provided in subsection (b) of section 16-50z, no person  
31 shall exercise any right of eminent domain in contemplation of,  
32 commence the preparation of the site for, or commence the  
33 construction or supplying of a facility, or commence any modification  
34 of a facility, that may, as determined by the council, have a substantial  
35 adverse environmental effect in the state without having first obtained  
36 a certificate of environmental compatibility and public need,  
37 hereinafter referred to as a "certificate", issued with respect to such  
38 facility or modification by the council, except fuel cells with a  
39 generating capacity of ten kilowatts or less which shall not require  
40 such certificate. Any facility with respect to which a certificate is  
41 required shall thereafter be built, maintained and operated in  
42 conformity with such certificate and any terms, limitations or  
43 conditions contained therein. Notwithstanding the provisions of this  
44 chapter or title 16a, the council shall, in the exercise of its jurisdiction  
45 over the siting of generating facilities, approve by declaratory ruling  
46 (1) the construction of a facility solely for the purpose of generating  
47 electricity, other than an electric generating facility that uses nuclear  
48 materials or coal as fuel, at a site where an electric generating facility  
49 operated prior to July 1, 2004, (2) the construction or location of any  
50 fuel cell, unless the council finds a substantial adverse environmental  
51 effect, or of any customer-side distributed resources project or facility  
52 or grid-side distributed resources project or facility with a capacity of  
53 not more than sixty-five megawatts, so long as such project meets air  
54 and water quality standards of the Department of Environmental

55 Protection, and (3) the siting of temporary generation solicited by the  
56 Department of Public Utility Control pursuant to section 16-19ss, as  
57 amended.

58 Sec. 3. Subsection (b) of section 16-243a of the general statutes is  
59 repealed and the following is substituted in lieu thereof (*Effective*  
60 *October 1, 2006*):

61 (b) Each electric public service company, municipal electric energy  
62 cooperative and municipal electric utility shall: (1) Purchase any  
63 electrical energy and capacity made available, directly by a private  
64 power producer or indirectly under subdivision (4) of this subsection;  
65 (2) sell backup electricity to any private power producer in its service  
66 territory; (3) make such interconnections in accordance with the  
67 regulations adopted pursuant to subsection (h) of this section  
68 necessary to accomplish such purchases and sales; (4) upon approval  
69 by the Department of Public Utility Control of an application filed by a  
70 willing private power producer, transmit energy or capacity from the  
71 private power producer to any other such company, cooperative or  
72 utility or to another facility operated by the private power producer;  
73 and (5) offer to operate in parallel with a private power producer. In  
74 making a decision on an application filed under subdivision (4) of this  
75 subsection, the department shall consider whether such transmission  
76 would (A) adversely impact the customers of the company,  
77 cooperative or utility which would transmit energy or capacity to the  
78 private power producer, (B) result in an uncompensated loss for, or  
79 unduly burden, such company, cooperative, utility or private power  
80 producer, (C) impair the reliability of service of such company,  
81 cooperative or utility, or (D) impair the ability of the company,  
82 cooperative or utility to provide adequate service to its customers. The  
83 department shall issue a decision on such an application not later than  
84 one hundred twenty days after the application is filed, provided, the  
85 department may, before the end of such period and upon notifying all  
86 parties and intervenors to the proceeding, extend the period by thirty  
87 days. If the department does not issue a decision within one hundred  
88 twenty days after receiving such an application, or within one hundred

89 fifty days if the department extends the period in accordance with the  
90 provisions of this subsection, the application shall be deemed to have  
91 been approved. The requirements under subdivisions (3), (4) and (5) of  
92 this subsection shall be subject to reasonable standards for operating  
93 safety and reliability and the nondiscriminatory assessment of costs  
94 against private power producers, approved by the Department of  
95 Public Utility Control with respect to electric public service companies  
96 or determined by municipal electric energy cooperatives and  
97 municipal electric utilities.

98 Sec. 4. Section 16-243a of the general statutes is amended by adding  
99 subsection (h) as follows (*Effective October 1, 2006*):

100 (NEW) (h) Not later than January 1, 2007, the Department of Public  
101 Utility Control shall adopt regulations in accordance with the  
102 provisions of chapter 54 containing interconnection standards that  
103 promote the policies of this section and meet or exceed national  
104 standards of interconnectivity. If the department has not adopted  
105 regulations by July 1, 2007, each electric public service company,  
106 municipal electric energy cooperative and municipal electric utility  
107 shall meet the standards adopted by the New York State Public Service  
108 Commission in docket number 02-E-1282.

109 Sec. 5. Subsection (a) of section 16-243q of the 2006 supplement to  
110 the general statutes is repealed and the following is substituted in lieu  
111 thereof (*Effective October 1, 2006*):

112 (a) On and after January 1, 2007, each electric distribution company  
113 providing standard service pursuant to section 16-244c, as amended,  
114 and each electric supplier as defined in section 16-1, as amended, shall  
115 demonstrate to the satisfaction of the Department of Public Utility  
116 Control that not less than one per cent of the total output of such  
117 supplier or such standard service of an electric distribution company  
118 shall be obtained from Class III resources. On and after January 1,  
119 2008, not less than two per cent of the total output of any such supplier  
120 or such standard service of an electric distribution company shall, on

121 demonstration satisfactory to the Department of Public Utility Control,  
122 be obtained from Class III resources. On or after January 1, 2009, not  
123 less than three per cent of the total output of any such supplier or such  
124 standard service of an electric distribution company shall, on  
125 demonstration satisfactory to the Department of Public Utility Control,  
126 be obtained from Class III resources. On and after January 1, 2010, not  
127 less than four per cent of the total output of any such supplier or such  
128 standard service of an electric distribution company shall, on  
129 demonstration satisfactory to the Department of Public Utility Control,  
130 be obtained from Class III resources. Electric power obtained from  
131 customer-side distributed resources that does not meet air and water  
132 quality standards of the Department of Environmental Protection is  
133 not eligible for purposes of meeting the percentage standards in this  
134 section.

135 Sec. 6. Section 16-243h of the general statutes is repealed and the  
136 following is substituted in lieu thereof (*Effective October 1, 2006*):

137 On and after January 1, 2000, each electric supplier or any electric  
138 distribution company providing standard offer, transitional standard  
139 offer, standard service or back-up electric generation service, pursuant  
140 to section 16-244c, as amended, shall give a credit for any electricity  
141 generated by a residential or commercial customer from a Class I  
142 renewable energy source or a hydropower facility that has a nameplate  
143 capacity rating of one megawatt or less. The electric distribution  
144 company providing electric distribution services to such a customer  
145 shall make such interconnections necessary to accomplish such  
146 purpose. An electric distribution company, at the request of any  
147 residential customer served by such company and if necessary to  
148 implement the provisions of this section, shall provide for the  
149 installation of metering equipment that (1) measures electricity  
150 consumed by such customer from the facilities of the electric  
151 distribution company, (2) deducts from the measurement the amount  
152 of electricity produced by the customer and not consumed by the  
153 customer, and (3) registers, for each billing period, the net amount of  
154 electricity either (A) consumed and produced by the customer, or (B)

155 the net amount of electricity produced by the customer. If the customer  
156 is a net producer over the billing period, any excess kilowatt hours  
157 generated during the billing period shall be carried over and credited  
158 to the next billing period until the end of twelve months. At the end of  
159 each twelve-month period, in which the electricity generated by the  
160 customer exceeds the electricity supplied by the electric distribution  
161 company to that customer during that same twelve-month period, the  
162 electric distribution company shall compensate the customer for all  
163 such excess electricity at the rate of one cent per kilowatt hour. A  
164 residential or commercial customer who generates electricity from a  
165 generating unit with a name plate capacity of more than ten kilowatts  
166 of electricity pursuant to the provisions of this section shall be assessed  
167 for the competitive transition assessment, pursuant to section 16-245g  
168 and the systems benefits charge, pursuant to section 16-245l, as  
169 amended, based on the amount of electricity consumed by the  
170 customer from the facilities of the electric distribution company  
171 without netting any electricity produced by the customer. [For  
172 purposes of this section, "residential customer" means a customer of a  
173 single-family dwelling or multifamily dwelling consisting of two to  
174 four units.]

175 Sec. 7. Subsection (a) of section 16-245a of the 2006 supplement to  
176 the general statutes is repealed and the following is substituted in lieu  
177 thereof (*Effective October 1, 2006*):

178 (a) (1) [On and after January 1, 2004, an electric supplier and an  
179 electric distribution company providing transitional standard offer  
180 pursuant to section 16-244c shall demonstrate to the satisfaction of the  
181 Department of Public Utility Control that not less than one per cent of  
182 the total output or services of such supplier or distribution company  
183 shall be generated from Class I renewable energy sources and an  
184 additional three per cent of the total output or services shall be from  
185 Class I or Class II renewable energy sources. On and after January 1,  
186 2005, not less than one and one-half per cent of the total output or  
187 services of any such supplier or distribution company shall be  
188 generated from Class I renewable energy sources and an additional

189 three per cent of the total output or services shall be from Class I or  
190 Class II renewable energy sources. On and after January 1, 2006, an]  
191 An electric supplier and an electric distribution company providing  
192 standard service or supplier of last resort service, pursuant to section  
193 16-244c, as amended, shall demonstrate;

194 (A) On and after January 1, 2006, that not less than two per cent of  
195 the total output or services of any such supplier or distribution  
196 company shall be generated from Class I renewable energy sources  
197 and an additional three per cent of the total output or services shall be  
198 from Class I or Class II renewable energy sources; [.]

199 (B) On and after January 1, 2007, not less than three and one-half per  
200 cent of the total output or services of any such supplier or distribution  
201 company shall be generated from Class I renewable energy sources  
202 and an additional three per cent of the total output or services shall be  
203 from Class I or Class II renewable energy sources; [.]

204 (C) On and after January 1, 2008, not less than five per cent of the  
205 total output or services of any such supplier or distribution company  
206 shall be generated from Class I renewable energy sources, an  
207 additional one-half per cent shall be from Class I renewable energy  
208 sources that received funding from the Renewable Energy Investment  
209 Fund, and an additional three per cent of the total output or services  
210 shall be from Class I or Class II renewable energy sources; [.]

211 (D) On and after January 1, 2009, not less than six per cent of the  
212 total output or services of any such supplier or distribution company  
213 shall be generated from Class I renewable energy sources, an  
214 additional one per cent shall be from Class I renewable energy sources  
215 that received funding from the Renewable Energy Investment Fund,  
216 and an additional three per cent of the total output or services shall be  
217 from Class I or Class II renewable energy sources; [.]

218 (E) On and after January 1, 2010, not less than seven per cent of the  
219 total output or services of any such supplier or distribution company  
220 shall be generated from Class I renewable energy sources, an

221 additional two per cent shall be from Class I renewable energy sources  
222 that received funding from the Renewable Energy Investment Fund,  
223 and an additional three per cent of the total output or services shall be  
224 from Class I or Class II renewable energy sources.

225 (2) An electric supplier or electric distribution company may satisfy  
226 the requirements of this subsection, except with regard to the sources  
227 that received funding from the Renewable Energy Investment Fund,  
228 established in section 16-245n, as amended by this act, by (A)  
229 purchasing Class I or Class II renewable energy sources within the  
230 jurisdiction of the regional independent system operator, or\* within  
231 the jurisdiction of New York, Pennsylvania, New Jersey, Maryland,  
232 and Delaware, provided the department determines such states have a  
233 renewable portfolio standard that is comparable to this section; or (B)  
234 by participating in a renewable energy trading program within said  
235 jurisdictions as approved by the Department of Public Utility Control.

236 (3) Any supplier who provides electric generation services solely  
237 from a Class II renewable energy source shall not be required to  
238 comply with the provisions of this section.

239 Sec. 8. Subsection (a) of section 16-245n of the 2006 supplement to  
240 the general statutes is repealed and the following is substituted in lieu  
241 thereof (*Effective October 1, 2006*):

242 (a) For purposes of this section, "renewable energy" means solar  
243 energy, wind, ocean thermal energy, wave or tidal energy, fuel cells,  
244 landfill gas, hydropower that will meet the low-impact standards of  
245 the Low-Impact Hydropower Institute, hydrogen production and  
246 hydrogen conversion technologies, low emission advanced biomass  
247 conversion technologies, usable electricity from combined heat and  
248 power systems with waste heat recovery systems, thermal storage  
249 systems and other energy resources and emerging technologies which  
250 have significant potential for commercialization and which do not  
251 involve the combustion of coal, petroleum or petroleum products,  
252 municipal solid waste or nuclear fission.



253 Sec. 9. Subsection (c) of section 16-245n of the 2006 supplement to  
254 the general statutes is repealed and the following is substituted in lieu  
255 thereof (*Effective October 1, 2006*):

256 (c) There is hereby created a Renewable Energy Investment Fund  
257 which shall be administered by Connecticut Innovations, Incorporated.  
258 The fund may receive any amount required by law to be deposited  
259 into the fund and may receive any federal funds as may become  
260 available to the state for renewable energy investments. Connecticut  
261 Innovations, Incorporated, may use any amount in said fund for  
262 expenditures in the state which promote investment in renewable  
263 energy sources in accordance with a comprehensive plan developed by  
264 it to foster the growth, development and commercialization of  
265 renewable energy sources, related enterprises and stimulate demand  
266 for renewable energy and deployment of renewable energy sources  
267 which serve end use customers in this state. Such expenditures may  
268 include, but not be limited to, grants, direct or equity investments,  
269 contracts or other actions which support research, development,  
270 manufacture, commercialization, deployment and installation of  
271 renewable energy technologies, and actions which expand the  
272 expertise of individuals, businesses and lending institutions with  
273 regard to renewable energy technologies.

274 Sec. 10. Subdivision (57) of section 12-81 of the 2006 supplement to  
275 the general statutes is repealed and the following is substituted in lieu  
276 thereof (*Effective October 1, 2006, and applicable to assessment years*  
277 *commencing on or after October 1, 2006*):

278 (57) (a) Subject to authorization of the exemption by ordinance in  
279 any municipality, [any Class I renewable energy source, as defined in  
280 section 16-1, or] (A) any hydropower facility described in subdivision  
281 (27) of [said] section 16-1, as amended, installed for the generation of  
282 electricity for private residential use, provided such installation occurs  
283 on or after October 1, 1977, and further provided such installation is  
284 for a single family dwelling or multifamily dwelling consisting of two  
285 to four units, (B) any Class I renewable energy source, as defined in

286 section 16-1 of the 2006 supplement to the general statutes, or (C) any  
287 passive solar heating system;

288 (b) Any person claiming the exemption provided in this subdivision  
289 for any assessment year shall, on or before the first day of November  
290 in such assessment year, file with the assessor or board of assessors in  
291 the town in which such hydropower facility, Class I renewable energy  
292 source, or passive solar heating system is located, written application  
293 claiming such exemption. Failure to file such application in the manner  
294 and form as provided by such assessor or board within the time limit  
295 prescribed shall constitute a waiver of the right to such exemption for  
296 such assessment year. Such application shall not be required for any  
297 assessment year following that for which the initial application is filed,  
298 provided if such hydropower facility, Class I renewable energy  
299 source, or passive solar heating system is altered in a manner which  
300 would require a building permit, such alteration shall be deemed a  
301 waiver of the right to such exemption until a new application,  
302 applicable with respect to such altered source, is filed and the right to  
303 such exemption is established as required initially.

304 Sec. 11. Subdivision (63) of section 12-81 of the 2006 supplement to  
305 the general statutes is repealed and the following is substituted in lieu  
306 thereof (*Effective October 1, 2006, and applicable to assessment years*  
307 *commencing on or after October 1, 2006*):

308 (63) (a) Subject to authorization of the exemption by ordinance in  
309 any municipality and to the provisions of subparagraph (b) of this  
310 subdivision, [any solar energy electricity generating system which is  
311 not eligible for exemption under subdivision (57) of this section,] any  
312 cogeneration system [, or both,] installed on or after July 1, 1981, and  
313 before October 1, 2006. The ordinance shall establish the number of  
314 years that a system will be exempt from taxation, except that it may  
315 not provide for an exemption beyond the first fifteen assessment years  
316 following the installation of a system. The ordinance shall prohibit the  
317 exemption from applying to additions to resources recovery facilities  
318 operating on October 1, 1994, or to resources recovery facilities

319 constructed on and after that date and may prohibit the exemption  
320 from applying to property acquired by eminent domain for the  
321 purpose of qualifying for the exemption;

322 (b) As used in this subdivision, [(A) "solar energy electricity  
323 generating system" means equipment which is designed, operated and  
324 installed as a system which utilizes solar energy as the energy source  
325 for at least seventy-five per cent of the electricity produced by the  
326 system and meets the standards established by regulation, in  
327 accordance with the provisions of chapter 54, by the Secretary of the  
328 Office of Policy and Management, and (B)] "cogeneration system"  
329 means equipment which is designed, operated and installed as a  
330 system which produces, in the same process, electricity and exhaust  
331 steam, waste steam, heat or other resultant thermal energy which is  
332 used for space or water heating or cooling, industrial, commercial,  
333 manufacturing or other useful purposes and which meets standards  
334 established by regulation, in accordance with the provisions of chapter  
335 54, by the Secretary of the Office of Policy and Management;

336 (c) Any municipality which adopts an ordinance authorizing an  
337 exemption provided by this subdivision may enter into a written  
338 agreement with an applicant for the exemption, which may require the  
339 applicant to make payments to the municipality in lieu of taxes. The  
340 agreement may vary the amount of the payments in lieu of taxes in  
341 each assessment year of the agreement, provided the payment in any  
342 assessment year is not greater than the taxes which would otherwise  
343 be due in the absence of the exemption. Any agreement negotiated  
344 under this subdivision shall be submitted to the legislative body of the  
345 municipality for its approval or rejection;

346 (d) Any person claiming the exemption provided in this subdivision  
347 for any assessment year and whose application has been approved in  
348 accordance with subparagraph (c) of this subdivision shall, on or  
349 before the first day of November in such assessment year, file with the  
350 assessor or board of assessors in the town in which the system is  
351 located written application claiming the exemption. Failure to file the

352 application in the manner and form as provided by such assessor or  
 353 board within the time limit prescribed shall constitute a waiver of the  
 354 right to the exemption for such assessment year. Such application shall  
 355 not be required for any assessment year following that for which the  
 356 initial application is filed, provided if such [solar energy electricity  
 357 generating system or] cogeneration system is altered in a manner  
 358 which would require a building permit, such alteration shall be  
 359 deemed a waiver of the right to such exemption until a new  
 360 application, applicable with respect to such altered system, is filed and  
 361 the right to such exemption is established as required initially.

362 Sec. 12. Section 12-412 of the 2006 supplement to the general statutes  
 363 is amended by adding subdivision (117) as follows (*Effective July 1,*  
 364 *2006, and applicable to sales occurring on or after July 1, 2006*):

365 (NEW) (117) Sales of solar energy electricity generating systems and  
 366 passive solar heating systems, including equipment related to such  
 367 systems, and sales of services relating to the installation of such  
 368 systems.

369 Sec. 13. (NEW) (*Effective October 1, 2006*) An electric supplier or an  
 370 electric distribution company shall waive a demand charge for an  
 371 operator of a fuel cell during (1) a loss of power due to problems at an  
 372 electric generation facility or with the electric transmission or  
 373 distribution infrastructure, or (2) an unscheduled shutdown of the fuel  
 374 cell if said shutdown occurs during off-peak hours.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006</i>	16-1(a)(26)
Sec. 2	<i>October 1, 2006</i>	16-50k(a)
Sec. 3	<i>October 1, 2006</i>	16-243a(b)
Sec. 4	<i>October 1, 2006</i>	16-243a
Sec. 5	<i>October 1, 2006</i>	16-243q(a)
Sec. 6	<i>October 1, 2006</i>	16-243h
Sec. 7	<i>October 1, 2006</i>	16-245a(a)
Sec. 8	<i>October 1, 2006</i>	16-245n(a)

Sec. 9	<i>October 1, 2006</i>	16-245n(c)
Sec. 10	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-81(57)
Sec. 11	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-81(63)
Sec. 12	<i>July 1, 2006, and applicable to sales occurring on or after July 1, 2006</i>	12-412
Sec. 13	<i>October 1, 2006</i>	New section

***ET***        *Joint Favorable Subst.*

***CE***        *Joint Favorable*

***FIN***       *Joint Favorable*